

WRITTEN STATEMENT FOR THE RECORD FROM
CONGRESSMAN DAVE REICHERT (WA-08)

BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
WAYS AND MEANS OVERSIGHT SUBCOMMITTEE

HEARING ON THE IMPACT OF LIMITATIONS ON THE USE
OF TAX-ADVANTAGED ACCOUNTS FOR THE PURCHASE OF
OVER-THE-COUNTER MEDICATION

APRIL 25, 2012

Chairman Boustany, Ranking Member Lewis, and my colleagues on the Committee – thank you for the opportunity to testify today during this important hearing on the impact of limitations on the use of tax advantaged accounts for the purchase of over-the-counter medications. I am proud to have introduced legislation, the *Restoring Assistance for Families' and Seniors' Health Expenses Act* (H.R. 450), to repeal the provision within the health care overhaul law that prohibits holders of Flexible Savings Accounts (FSAs), Health Savings Accounts (HSAs) and Health Reimbursement Accounts (HRAs) from using money from their accounts to purchase over-the-counter (OTC) medications. H.R. 450 also restores the medical expenses deduction to 7.5% of taxable income and repeals the \$2,500 cap placed on FSAs beginning in 2013.

While I have found there to be many troublesome provisions within the health care overhaul, the limitations put on the purchase of OTC medications is one of the most egregious given that many Americans rely on easy access to OTC medications to assist with common ailments such as headaches and the common cold.

Personal choice is a key factor in all health care decisions. FSA's, HSA's, and HRA's empower individuals to take control over their personal health care costs. Approximately 40 million Americans choose to use these accounts to give themselves flexibility to make their own medical decisions and save for future medical expenses. The health care overhaul gives Americans two options – get a prescription for the needed OTC medication or choose to purchase them out-of-pocket, increasing the cost of medication. In other words, not only will this provision increase costs, but it also places an unnecessary burdensome requirement on the individual to schedule an unneeded doctor's appointment.

Physician groups have also expressed concerns related to the OTC limitation provision. The American Medical Association wrote that the limitations would “increase costs to the healthcare system, generate unnecessary physician office visits, and place a new administrative burden” on doctors. Physicians are supportive of the use of OTC medications as a way to treat common illnesses and conditions. Often times, the use of an OTC medication can reduce the time an individual is ill and also prevent more serious ailments that would result in higher health care costs and more doctors visits. A recent study concluded that the use of OTC medication saves the health care system \$102 billion annually. The study deduced that these savings came from early treatment of ailments.

It's also important to note the impact the health law has on employers. An astounding 89% of large employers offer tax-advantaged health accounts to their employees because of the flexibility and predictability these accounts offer to an individual's health care costs. The National Federation of Independent Business applauded the legislation I introduced stating, “This legislation will help provide greater economic certainty and predictability for small business...Options like FSA's and HSA's encourage consumer awareness on how they can best spend their health care dollars.”

I would like to thank the Chairman and Ranking Member for holding this hearing and allowing me the opportunity to submit testimony. I applaud the efforts of my fellow Committee Members, Representatives Paulsen and Jenkins, who have also introduced measures related to the OTC requirement. It is my hope that this Committee can work together on a bipartisan basis to repeal this onerous and burdensome provision.